

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION**

SECURITIES AND EXCHANGE SEC,

Plaintiffs,

vs.

**HOMESTEAD PROPERTIES, L.P.,
HOMESTEAD LIMITED, L.L.C.,
CALIFORNIA WEALTH
MANAGEMENT GROUP, d.b.a. IFC
ADVISORY, HEATH M.
BIDDLECOME, and WILLIAM C.
TAK,**

Defendants,

**HOMESTEAD NORTHLAND MHC,
LLC, and JACKSON MHC, L.L.C.,**

Relief Defendants,

Case No.: SACV09-01331-CJC(MLGx)

**PRELIMINARY INJUNCTION AND
OTHER PROVISIONAL RELIEF**

1 **I. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

2
3 Plaintiff the Securities and Exchange Commission (“SEC”) has filed a Complaint
4 seeking a permanent injunction and other relief, and a motion for a preliminary injunction
5 pursuant to Rule 65(a) of the Federal Rules of Civil Procedure. The Court has considered
6 the Complaint, exhibits, memoranda, and declaration, and now finds and concludes that:

7
8 A. This Court has subject matter jurisdiction over this action.

9
10 B. On November 12, 2009, the SEC filed an *Ex Parte* Application for a
11 Temporary Restraining Order and Orders: (1) Freezing Assets, (2) Appointing
12 a Temporary Receiver, (3) Prohibiting the Destruction of Documents, and (4)
13 Granting Expedited Discovery, and (5) an Order to Show Cause Re
14 Preliminary Injunction and Appointment of a Permanent Receiver.

15
16 C. On November 16, 2009, the Court granted a temporary restraining order
17 (“TRO”) and orders freezing assets, appointing Robb Evans & Associates LLC
18 as temporary receiver, and prohibiting the destruction of documents. The
19 Court also ordered to show cause why a preliminary injunction should not issue
20 and why a permanent receiver should not be appointed.

21
22 D. As part of its November 16, 2009 TRO, the Court found that there is good
23 cause to believe that Defendants Homestead Properties, L.P., Homestead
24 Limited, L.L.C., IFC, Biddlecome, and Tak might be engaging in, or may
25 continue to engage in, practices that violate Sections 5(a), 5(c) and 17(a) of the
26 Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§ 77e(a), 77e(c), and
27 77q(a), Sections 10(b) and 15(a) of the Securities Exchange Act of 1934
28 (“Exchange Act”), 15 U.S.C. §§ 78j(b) and 78o(a), and Rule 10b-5 thereunder,

1 17 C.F.R. § 240.10b-5, and Sections 204, 206(1), (2), and (4) of the Investment
2 Advisers Act of 1940 (“Advisers Act”), 15 U.S.C. §§ 80b-4, 80b-6(1), (2) and
3 (4) and Rule 206(4)-8 thereunder, 17 C.F.R. § 275.206(4)-8.

4 5 **II. DEFINITIONS**

- 6
- 7 a. “Defendants” refers to Homestead Properties, L.P., Homestead Limited,
8 L.L.C., California Wealth Management Group, d.b.a. IFC Advisory, Heath
9 Biddlecome, and William C. Tak;
- 10
- 11 b. “Relief Defendants” refers to Homestead Northland MHC, LLC and Jackson
12 MHC, L.L.C.;
- 13
- 14 c. “Homestead Entities” refers to Homestead Properties, L.P., Homestead
15 Limited, L.L.C., Homestead Northland MHC, LLC and Jackson MHC,
16 L.L.C.

17 18 **III. PRELIMINARY INJUNCTION**

19

20 Defendants, Relief Defendants and their officers, agents, servants, employees,
21 attorneys, subsidiaries and affiliates, and those persons in active concert or
22 participation with any of them, who receive actual notice of this Preliminary
23 Injunction and Other Provisional Relief, by personal service or otherwise, and
24 each of them, are PRELIMINARILY RESTRAINED AND ENJOINED from
25 directly or indirectly transferring, assigning, selling, hypothecating, changing,
26 wasting, dissipating, converting, concealing, encumbering, or otherwise
27 disposing of, in any manner, any funds, assets, securities, claims, or other real
28 or personal property, including any notes or deeds of trust or other interests in

real property, wherever located, of Defendants Homestead Entities or their subsidiaries or affiliates, owned by, controlled by, managed by or in the possession or custody of any of them and from transferring, encumbering, dissipating, incurring charges or cash advances on any debit or credit card or the credit arrangement, of the Defendants Homestead Entities, and their subsidiaries and affiliates.

IV. ASSET FREEZE

IT IS ORDERED that a freeze shall continue to be placed on the following accounts:

Bank Name	Account Name	Account No.
Wells Fargo Bank, NA	Homestead Properties, L.P.	888-7914102
Wells Fargo Bank, NA	Homestead Properties, L.P.	285-8490341
Wells Fargo Bank, NA	Homestead Properties, L.P.	186-4318785
Wells Fargo Bank, NA	Homestead Properties, L.P.	293-4909595
Wells Fargo Bank, NA	Homestead Northland HMC, LLC	786-6608920
American Funds	Homestead Properties, L.P.	83017486
Charles Schwab	Homestead Properties, L.P.	2424-5834

V. DOCUMENTS

A. IT IS ORDERED that, except as otherwise ordered by this Court, Defendants, Relief Defendants, and their officers, agents, servants, employees, attorneys, subsidiaries and affiliates, including the other entities in receivership, and those persons in active concert or participation with any of them, who receive actual

1 notice of this Preliminary Injunction and Other Provisional Relief, by personal
2 service or otherwise, and each of them, be and hereby are PRELIMINARILY
3 RESTRAINED AND ENJOINED from, directly or indirectly, destroying,
4 mutilating, concealing, transferring, altering, or otherwise disposing of, in any
5 manner, any documents, which includes all books, records, computer programs,
6 computer files, computer printouts, contracts, correspondence, memoranda,
7 brochures, or any other documents of any kind in their possession, custody or
8 control, however created, produced, or stored (manually, mechanically,
9 electronically, or otherwise), pertaining in any manner to Defendants and Relief
10 Defendants, and their subsidiaries and affiliates.

11
12 B. IT IS FURTHER ORDERED that representatives of the SEC and the permanent
13 Receiver appointed herein shall be immediately allowed to inspect the books,
14 records, and other documents of Defendants and Relief Defendants and their
15 officers, agents, servants, employees, attorneys, subsidiaries and affiliates,
16 including the other entities in receivership, including, but not limited to,
17 electronically stored data, tape recordings, and computer discs, whether they
18 may be situated and whether they are in the possession of the Defendants or
19 Relief Defendants or others, and to copy said documents, data and records,
20 either on or off the premises where they may be situated; and that the U.S.
21 Marshal's Office is authorized and directed to accompany and assist SEC
22 representatives and designated agents of the SEC, as well as agents and
23 employees of the permanent Receiver appointed herein, to assist said persons in
24 the service and execution of this Preliminary Injunction and Other Provisional
25 Relief and to undertake such efforts as are reasonably necessary to ensure that
26 the terms of this Preliminary Injunction and Other Provisional Relief are
27 effectuated.
28

1 C. IT IS FURTHER ORDERED that representatives of the SEC are authorized to
2 have continuing access to inspect or copy any or all of the corporate books and
3 records and other documents of Defendants, Relief Defendants, and their
4 agents, owners, servants, employees, attorneys, subsidiaries and affiliates, and
5 the SEC will have continuing access to inspect their funds, property, assets and
6 collateral.

7
8 **VI. RECEIVER**

9
10 A. IT IS ORDERED that the temporary Receiver appointed under this Court's
11 TRO shall become permanent Receiver in this proceeding with all of the duties
12 and powers set forth in the TRO. Pursuant to the TRO, Defendants, Relief
13 Defendants, and all other persons served with a copy of the Preliminary
14 Injunction and Other Provisional Relief shall cooperate fully with and assist the
15 permanent Receiver.

16
17 B. IT IS FURTHER ORDERED that the permanent Receiver shall file an interim
18 report on or before January 4, 2010. The interim report shall summarize
19 information obtained by the permanent Receiver to date regarding the
20 Defendants' and Relief Defendants' assets and liabilities, and shall include such
21 additional information and recommendations as the permanent Receiver shall
22 deem appropriate. Any response to the permanent Receiver's interim report
23 shall be filed on or before January 18, 2010.

24
25 C. IT IS FURTHER ORDERED that no officer, agent, servant, employee, or
26 attorney of Defendants or Relief Defendants shall take any action or purport to
27 take any action, in the name of or on behalf of the Homestead Entities without
28 the written consent of the permanent Receiver or order of this Court.

1
2 D. IT IS FURTHER ORDERED that, except by leave of this Court, during the
3 pendency of this receivership, all clients, investors, trust beneficiaries, note
4 holders, creditors, claimants, lessors, and all other persons or entities seeking
5 relief of any kind, in law or in equity, from Defendants, Relief Defendants or
6 their subsidiaries or affiliates, and all persons acting on behalf of any such
7 investor, trust beneficiary, note holder, creditor, claimant, lessor, consultant
8 group, or other person, including sheriffs, marshals, servants, agents,
9 employees, and attorneys, are hereby PRELIMINARILY RESTRAINED AND
10 ENJOINED from, directly or indirectly:

- 11
- 12 i. Commencing, prosecuting, continuing or enforcing any suit or
13 proceeding (other than the present action by the SEC) against any of
14 the Defendants or Relief Defendants;
- 15
- 16 ii. Using self-help or executing or issuing or causing the execution or
17 issuance of any court attachment, subpoena, replevin, execution or
18 other process for the purpose of impounding or taking possession of
19 or interfering with or enforcing a lien upon any property or property
20 interests owned by or in the possession of the Homestead Entities; and
- 21
- 22 iii. Doing any act or thing whatsoever to interfere with taking control,
23 possession or management by the permanent Receiver appointed
24 hereunder of the property and assets owned, controlled or managed by
25 or in the possession of the Homestead Entities, or in any way to
26 interfere with or harass the permanent Receiver or his or her attorneys,
27 accountants, employees or agents or to interfere in any manner with
28

1 the discharge of the permanent Receiver's duties and responsibilities
2 hereunder.

3
4 E. IT IS FURTHER ORDERED that Defendants, Relief Defendants, and their
5 subsidiaries, affiliates, officers, agents, servants, employees, and attorneys shall
6 cooperate with and assist the permanent Receiver and shall take no action,
7 directly or indirectly, to hinder, obstruct, or otherwise interfere with the
8 permanent Receiver or his or her attorneys, accountants, employees, or agents,
9 in the conduct of the permanent Receiver's duties or to interfere in any manner,
10 directly or indirectly, with the custody, possession, management, or control by
11 the permanent Receiver of the funds, assets, collateral, premises, and choses in
12 action described above.

13
14 F. IT IS FURTHER ORDERED that except for an act of gross negligence, the
15 permanent Receiver shall not be liable for any loss or damage incurred by any
16 Defendants, Relief Defendants, their officers, agents, servants, employees and
17 attorneys or any other person, by reason of any act performed or omitted to be
18 performed by the permanent Receiver in connection with the discharge of his or
19 her duties and responsibilities.

20
21 G. IT IS FURTHER ORDERED that the permanent Receiver and all personnel
22 hired by the permanent Receiver as herein authorized, including counsel to the
23 permanent Receiver, are entitled to reasonable compensation for the
24 performance of duties pursuant to this Preliminary Injunction and Other
25 Provisional Relief and for the actual out-of-pocket expenses incurred by them,
26 from the assets now held by, or in the possession or control of, or which may be
27 received by Defendants Homestead Properties, L.P., Homestead Limited,
28 L.L.C., IFC, Relief Defendants and their subsidiaries and affiliates. The

1 permanent Receiver shall file with the Court and serve on the parties periodic
2 requests for payment of such reasonable compensation, with the first such
3 request filed no more than sixty (60) days after the date of this Preliminary
4 Injunction and Other Provisional Relief. The permanent Receiver shall not
5 increase the hourly rates used as the basis for such fee applications without
6 prior approval of the Court. The SEC shall have the right to object to any fee
7 application made by the permanent Receiver.
8

9 H. IT IS FURTHER ORDERED that representatives of the SEC and the permanent
10 Receiver appointed herein shall continually be permitted to inspect the books,
11 records, and other documents of Defendants, Relief Defendants and their
12 officers, agents, servants, employees, attorneys, subsidiaries and affiliates,
13 including the other entities in receivership, including, but not limited to,
14 electronically stored data, tape recordings, and computer discs, whether they
15 may be situated and whether they are in the possession of the Defendants or
16 others, and to copy said documents, data and records, either on or off the
17 premises where they may be situated; and that the U.S. Marshal's Office is
18 authorized and directed to accompany and assist SEC representatives and
19 designated agents of the SEC, as well as agents and employees of the
20 permanent Receiver appointed herein, to assist said persons in the service and
21 execution of this order and to undertake such efforts as are reasonably
22 necessary to ensure that the terms of this Preliminary Injunction and Other
23 Provisional Relief are effectuated.
24

25 I. IT IS FURTHER ORDERED that Defendants, Relief Defendants, and their
26 officers, agents, owners, servants, employees, attorneys, subsidiaries and
27 affiliates shall cooperate fully with the SEC and the permanent Receiver to
28 locate and provide representatives of the SEC and the permanent Receiver all

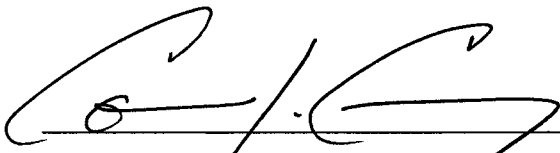
1 books and records of the Defendants, wherever such books and records may be
2 situated.

3
4 **VII. SERVICE AND CONTINUING JURISDICTION**

5
6 A. IT IS ORDERED that copies of this Preliminary Injunction and Other
7 Provisional Relief may be served by any means, including facsimile
8 transmission, upon any financial institution or other entity or person that may
9 have possession, custody, or control of any documents or assets of Defendants
10 or Relief Defendants that may be subject to any provision of this Preliminary
11 Injunction and Other Provisional Relief.

12
13 B. IT IS FURTHER ORDERED that this Preliminary Injunction and Other
14 Provisional Relief shall remain in full force and effect until further order of this
15 Court, and that this Court retains jurisdiction of this matter for all purposes.

16
17 DATED: December 18, 2009

18
19 
20 CORMAC J. CARNEY
21 UNITED STATES DISTRICT JUDGE
22
23
24
25
26
27
28